



State of California

# Employment Training Panel

Arnold Schwarzenegger, Governor

September 11, 2008

Transmitted electronically.

Gerald E. Allen, Vice-President, Operations  
Guittard Chocolate Company  
10 Guittard Road  
Burlingame, CA 94010

Dear Mr. Allen:

RE: FINAL REPORT for **Guittard Chocolate Company – ET07-0186**

<b>Date of Final Desk Audit/Phone Call:</b>	9/3/08 (Final review done via desk audit and phone call to Ms. Martin because adequate sample of rosters were reviewed at previous visits).
<b>Date Training Began:</b>	11/07/06
<b>Company Representative:</b>	Robin Martin, HR Assistant; and Diane Woodside, ETP Analyst.
<b>Action Required:</b>	<b>NO</b>

## **CONTRACT INFORMATION:**

<b>Term of Agreement:</b>	11/07/06 -11/06/08	<b>Agreement Amount:</b>	\$198,720
<b>Training Start Date:</b>	11/07/06	<b>No. to Retain:</b>	69
<b>Date Training must be Completed:</b>	<b>08/06/08</b>	<b>Range of Hours Per Trainee:</b>	24 - 200
<b>Type of Trainee:</b>	Retrainee	<b>Weighted Ave. Hours Per Trainee:</b>	160
<b>Fixed-Fee Rates (per class/lab training hour per employee)</b>	Class/lab Hourly Rate: \$18		

**BACKGROUND:** This Priority Industry single employer retraining project to retrain employees at Guittard Chocolate Company was approved at the October 2006 Panel meeting. This project was referred to the Panel by the California Manufacturers and Technology Association. Guittard Chocolate Company (Guittard) is the oldest, family-owned chocolate company in the United States. Guittard manufactures milk, dark, and white chocolate products as well as pastel and chocolate coatings. The Burlingame facility is a complete chocolate manufacturing operation: cocoa bean receiving, roasting, milling, mixing, refining, depositing, and packaging.

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### **FINAL REPORT SUMMARY:**

The Agreement was executed on 11/22/06 and training began on 11/7/06. The last date of training was 6/17/08 which allows for the completion of the 90-day retention period within the term ending date of the Agreement. Training did not occur after 6/17/08 because of a 3-week production shutdown for plant cleaning and maintenance. Starting in July there is a huge upswing in production for holiday season demand and workers could not be released for training.

According to the company representative, Guittard Chocolate Company has retained a total of 44 trainees for expected earnings of \$112,459 (57 percent of the total Agreement amount). 8 of the 44 trainees were manager/supervisors; training hours were primarily reimbursed for training of production workers. Final earnings will be based on approved retentions by the Panel's Fiscal Unit. The fiscal close-out invoice has been submitted by Guittard.

The company conducted its own administration.

**HISTORY OF AGREEMENT CHANGES:** There was one modification to the curriculum to add a course. No other revisions were made to the Agreement.

### **COMPANY'S RESPONSE TO FINAL VISIT QUESTIONS** (Responses received via email)

#### FINAL VISIT QUESTIONS

- What barriers, if any, did your company experience in implementing your ETP project?

We discovered a few barriers during our implementation of the ETP project:

- Our training program can range from three months to over one year, depending upon the position. Due to this length of time, we were unable to train as many employees as we originally intended.
- Plus, due to the extensive amount of time for training versus the 200-hour limit, only 10 – 40% reimbursement is received.
- Some employees trained on more than one position during the ETP project. None of the hours for the 2<sup>nd</sup> job qualified, since the employee had already reached their 200-hour limit.
- Our company shuts down for two weeks during June and December, for a total of four weeks throughout the year. No training was completed during these shutdowns.
- Several employees in training were injured and were off work due to their restrictions. When they returned, they received a refresher course before they continued with their training.

- What problems, if any, did your company experience with ETP record keeping?

We did not experience any problems with ETP record keeping. All training records are recorded on Training Documents with the dates, times and signatures of both the trainee and trainer. As a backup our training records are also recorded in our timekeeping system, except for the managers' training records.

- What assistance could ETP have provided that would improve the process for future Contractors?

The assistance we received was excellent. The process was easy and any assistance we needed was provided in a timely manner.

- How did your company benefit from the ETP training?

The funds we received allowed us to train more employees than we would have been able to without reimbursement. With more employees able to operate machinery, we have been able to cut down the use of overtime and improve productivity. The higher training rate has also given more employees the chance to improve their knowledge of chocolate and helped to raise employee morale. This, in turn, led to more employees signing up to receive training, which provided a greater selection for trainees.

**Analyst Response:** In the second bullet, the company notes the 200-hour limit on the amount of training the Panel will fund. Guittard does a great deal of on-the-job and solo training for up to a year for an individual worker. However, Panel regulations prevent reimbursement for such training. The Panel did, however, grant an accommodation to the company to fund training done primarily on the factory floor. Thus, even though very little training was provided in the traditional classroom setting, Guittard earned the class/lab reimbursement rate for the maximum training hours. The company faced some additional challenges in releasing employees for training and maintaining its production levels. In addition, training opportunities have to be provided for production staff based on the process outlined in the collective bargaining agreement which limited the number of trainees to receiving ETP-eligible training.

### **ATTENDANCE ROSTERS:**

An adequate sample of original rosters for those trainees for whom the company expects to earn reimbursement was reviewed by your ETP analyst during prior visits and met ETP record-keeping requirements. In addition, electronic copies of rosters for manager/supervisors were sent to the ETP analyst for a desk review and met ETP requirements. Please note that the finding that the ETP documentation is in order is based only on a limited sample of the completed training records. It is Guittard's responsibility to ensure that all training records are in compliance with Panel requirements for auditing purposes.

### **Subcontractor Information Has Been Entered Online:**

Information on 4 vendors has been entered into the ETP on-line system as required by ETP.

### **INFORMATION ON ETP AUDIT PROCEDURES:**

ETP conducts audits on completed projects on a sample basis. Thus, Guittard Chocolate Company may or may not be audited. Should it be chosen for an audit, you will be notified in writing and informed if the audit will be conducted either at the company site (field audit) or by telephone if selected for a desk audit (or "review"). These notifications will be sent in advance to allow ample preparation time and will include a list of documentation that will be examined by the auditor. A list of the documentation typically examined during an audit will be included along with the Audit Notification and Audit Confirmation letters. To provide support of training, original training attendance documentation is required; photocopied records are not acceptable. Listed below are types of records typically requested during an ETP field audit:

- Training attendance records such as rosters, sign-in sheets, etc.
- Payroll records of individual trainees to verify wage and hours worked
- Personnel records regarding occupation and dates of employment

**RECORD RETENTION:**

Records must be retained within your control and be available for review at your place of business within the State of California. This responsibility will terminate no sooner than four (4) years from the date of the termination of the Agreement or three (3) years from the date of the last payment by ETP to the Contractor, or the date of resolution of appeals, audits, claims, exceptions, or litigation, whichever is later.

If you have any questions or comments regarding the information in this letter, please contact Diane Woodside, at 650-655-6935 or at [dwoodside@etp.ca.gov](mailto:dwoodside@etp.ca.gov), within ten (10) working days from the receipt date of this letter.

Sincerely,



Creighton Chan, Manager  
San Francisco Bay Area Regional Office



Diane Woodside, Account Analyst  
San Francisco Bay Area Regional Office

cc: Gary Germone, Manager, HR/Production, Guittard  
Robin Martin, Administrative Staff, Guittard  
Brian McMahon, Executive Director  
David Guzman, Chief, Program Operations Division  
Kulbir Mayall, ETP Fiscal Unit  
Master File  
Project File

Date report mailed to Contractor 9/15/08